

## Message Text

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PAGE 01 BELGRA 02834 090814Z

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03  
/034 W

-----090824Z 091986 /12

P 061530Z MAY 77

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC PRIORITY 522

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EO 11652: NA

TAGS: EAIR YO

SUBJ: CIVAIR, EXTENSION OF INTERIM AGREEMENT

REF: STATE 93838

1. YUGOSLAV CIVIL AVIATION (DR. LJUBOMIR SARIC, DIRECTOR, INTERNATIONAL RELATIONS), STATES THAT "EXISTING REGULATION" REFERRED TO IN YUGOSLAV EMBASSY NOTE DATED APR 21 IS YUGOSLAV NATIONAL BANK "INTERNAL BANK REGULATION". ACCORDING TO SARIC THIS REGULATION FORBIDS SALES IN DINARS BY AIRLINE WHICH IS NOT IN POOL ARRANGEMENT BUT THAT YUGOSLAV GOVT HAS ASKED NATIONAL BANK TO CHANGE THIS REGULATION TO ACCOMMODATE PAN AM/JAT AGREEMENT OF MAR 14, 1977. BECAUSE OF "VACATION PERIOD" SARIC DOES NOT EXPECT THIS REGULATION TO BE CHANGED SOON BUT CERTAINLY WILL BE BY TIME U.S./YUGOSLAV AIR NEGOTIATIONS. ASKED TO EXPLAIN WHY MAR 14 AGREEMENT IS APPARENTLY IN CONFLICT WITH NATIONAL BANK REGULATION AND PROVISIONAL AGREEMENT OF MAY 14, 1976, IS NOT, SARIC STATED THAT LATTER AGREEMENT WHICH AUTHORIZED DINAR SALES VIA FRANKFURT IS BETWEEN GOVTS AND GOY SOUGHT EXCEPTION FROM REGULATION. MAR 14 AGREEMENT ON OTHER HAND IS BETWEEN AIRLINES AND GOVT HAS NOT YET BEEN ABLE TO SECURE EXCEPTION FOR IT AN HAS STATED DOES NOT EXPECT TO BE ABLE

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PAGE 02 BELGRA 02834 090814Z

TO DO SO UNTIL START OF AIR NEGOTIATIONS IN SEPT.

2. COMMENT: BOTH EMBASSY AND PANAM BELGRADE BELIEVE THAT YUGOSLAVS ARE STALLING ON THIS POINT IN ORDER TO BE ABLE TO USE IT AS BARGAINING CHIP IN AIR NEGOTIATIONS. NOTE HOWEVER THAT JAT COMMERCIAL OFFICE INSTRUCTED ITS OFFICES AND AGENTS IN ACCORDANCE WITH MAR 14 AGREEMENT AND PANAM LOCAL

MANAGER REPORTS THAT PANAM IS SELLING TICKETS FOR DINARS IN ACCORDANCE WITH MAR 14 AGREEMENT. IT APPEARS THAT WHOEVER DEvised STRATEGY OF STALLING HAS NOT CORRECTED JAT COMMERCIAL OFFICE INSTRUCTIONS AND NEITHER WE NOR PANAM WISH TO CALL THIS TO ANYONE'S ATTENTION.

3. PANAM, AS PRACTICAL MATTER HAS BENEFITS OF MARCH 14TH AGREEMENT. WE WOULD THEREFORE LIKE TO AVOID HAVING YUGOSLAVS FOCUS ON ISSUE AGAIN, WHICH MIGHT CAUSE THEM COORDINATE THEIR POSITION AND WITHDRAW PANAM BENEFIT. OBVIOUSLY AT ANY TIME YUGOSLAVS THEMSELVES MAY REALIZE WHAT COMMERCIAL OFFICE IS DOING AND ISSUE CHANGE OF INSTRUCTIONS. IS THERE SOME ALTERNATIVE OTHER THAN EXTENSION OF OPERATING PERMIT FOR FULL PERIOD OF INTERIM AGREEMENT OR LETTING 60-DAY DEADLINE APPROACH? WE WOULD LIKE TO HAVE FLEXIBILITY OF KEEPING SITUATION UNDER REVIEW, AND AVOIDING ACTION WHICH MIGHT CREATE INCONVENIENCE FOR JAT, UNLESS OR UNTIL THEY WITHDRAW PRIVILEGE FROM PANAM.

4. SARIC DID NOT SEEM AWARE THAT YUGOSLAV NOTE OF APR 21 DID NOT ADDRESS QUESTION OF EXTENSION OF INTERIM AGREEMENT AND SAID THAT WAS CERTAINLY, AS HE UNDERSTOOD IT, YUGOSLAV INTENTION.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Review Markings:**  
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